

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2018-319-E

In the Matter of:)	
)	REBUTTAL TESTIMONY OF
Application of Duke Energy Carolinas, LLC)	STEVE IMMEL
for Adjustments in Electric Rate Schedules)	FOR DUKE ENERGY
and Tariffs and Request for Accounting)	CAROLINAS, LLC
Order		

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Steve Immel and my business address is 526 South Church Street,
Charlotte, North Carolina.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am Vice President of Fossil Hydro Operations ("FHO") for Duke Energy Carolinas, LLC ("DE Carolinas" or the "Company") and Duke Energy Progress, LLC ("DE Progress").

Q. DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes, I did.

II. PURPOSE AND SCOPE

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to respond to Sierra Club witness Ezra D. Hausman's recommendation to direct the Company to perform a comprehensive economic analyses before making capital investments at the Company's coal-fired stations.

Q. DOES THE FACT THAT YOU ARE NOT ADDRESSING EVERY ISSUE RAISED BY WITNESS HAUSMAN IN HIS TESTIMONY IMPLY ACCEPTANCE OF HIS POSITIONS OR CONCLUSIONS ON THOSE ISSUES?

A. No. In fact, the majority of Witness Hausman's positions and conclusions pertain to recommended analyses for capital investments that may or may not occur in the future. Accordingly, the Company believes these

1 recommendations are more appropriately addressed in the Company's annual
2 Integrated Resource Planning ("IRP") proceeding. As such, the Company
3 chooses not to address the merits of these recommendations here.

4 **III. REBUTTAL TESTIMONY**

5 **Q. PLEASE BRIEFLY DESCRIBE WITNESS HAUSMAN'S**
6 **RECOMMENDATION REGARDING RETIREMENT ANALYSES FOR**
7 **DEC's COAL FIRED STATIONS.**

8 A. Sierra Club witness Hausman recommends the Commission require the
9 Company to undertake retirement analyses regarding capital investments at
10 any of its coal fired station before the Company seeks recovery of such
11 investments.

12 **Q. DO YOU AGREE WITH THIS RECOMMENDATION?**

13 A. No, I do not. The Company's current practices and analyses used to manage
14 its fleet are reasonable and appropriate. The Company performs retirement
15 analyses on an as needed basis. In fact, the Company did perform a
16 comprehensive retirement analysis for Allen station in April 2017. The
17 analysis showed continuing operations of Allen Units 4 and 5 until 2028, and
18 Allen Units 1 through 3 until the end of 2024, which is consistent with the
19 retirement schedule agreed to in the consent decree with the U.S. Department
20 of Justice¹. The Company also performed a retirement analysis for Cliffside
21 Unit 5 in mid-2016, which showed continuing operations until the end of
22 2042. While the Company did not perform a full retirement analysis to
23 determine whether the Company should accelerate the retirement of Marshall

¹ Consent Decree, *United States v. Duke Energy Corp.* (No. 1:00 cv 1262, M.D.N.C., Oct. 20, 2015).

1 and Belews Creek coal-fired stations, the Company did consider system
2 operational impacts, timing impacts, age of the plant, and overall feasibility
3 of a potential retirement scenario when assessing whether to incur
4 environmental compliance costs. Based on these factors, the Company
5 determined that environmental compliance retrofits far outweighed the
6 alternative of replacing over 2,000 MWs of generation per site, amounting to
7 approximately \$1.7 billion per site, excluding gas pipeline costs.

8 The Company is well aware that it has the responsibility to justify its
9 capital investments in rate cases, including the prudence of its costs and the
10 usefulness of its investments for customers. However, the Company is
11 responsible for managing its generation fleet, including what analyses to
12 perform and when to perform them. Mandating the performance of
13 retirement analyses prior to the Company's decision to make capital
14 improvements limits the Company's ability to use its best judgment and
15 experience to manage its fleet. Accordingly, the Company recommends the
16 Commission not adopt Witness Hausman's recommendation to mandate the
17 types of analyses the Company must make prior to making capital
18 investments on its coal plants.

19 **IV. CONCLUSION**

20 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

21 **A. Yes.**